



STATE OF MISSISSIPPI  
HALEY REEVES BARBOUR, GOVERNOR  
DEPARTMENT OF HUMAN SERVICES  
DONALD R. TAYLOR  
EXECUTIVE DIRECTOR

January 14, 2005

FINANCIAL AUDIT FINDINGS

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following are our responses and corrective action plans to the Financial Audit as outlined in the Department of Human Services audit performed for the year 2004.

AUDIT FINDINGS:

**REPORTABLE CONDITION**

Procedures Should be Implemented for Disabling User IDs for Employees Leaving Agency Service

*Finding:*

During our review of the Mississippi Department of Human Services, we noted the following weaknesses in the employee termination procedures:

- Nine terminated employees had active Resource Access Control Facility (RACF) IDs. Last year there were eight terminated employees reported.

- Six terminated employees had active Windows 2000 user IDs. Last year there were 24 employees reported.

*Control Objectives for Information and Related Technology (CobiT)*, as well as recognized industry best practices, require existence of adequate procedures to deactivate system access to terminated employees. Failure on the part of the agency to properly disable access for former employees could allow unauthorized access or fraud to occur without being discovered.

*Recommendation:*

We recommend the Mississippi Department of Human Services implement procedures to ensure retired or terminated employee user IDs are disabled immediately when an employee leaves agency service.

*Response:*

MDHS was made aware of fifteen employees that were not properly terminated from MDHS systems and agrees that failure to properly disable access for all terminated employees could allow unauthorized access to occur.

*Corrective Action Plan:*

Termination notices received from the Division of Human Resources is the information used by the MIS Division to disable system access for terminated and retired employees. MIS has also implemented the use of a termination report based on information from the SPAHRS system to ensure all employees that leave agency service are deleted from all systems. A termination validation process is currently being implemented as an additional procedure to ensure our objective of zero exceptions is achieved for this control area. The User IDs for the terminated employees identified by the Auditor have been deleted from all systems.

## **IMMATERIAL WEAKNESS IN INTERNAL CONTROL**

### **Controls over SAAS Access Should Be Strengthened**

*Finding:*

During our audit of the Mississippi Department of Human Services, we reviewed the agency's approval levels established in the Statewide Automated Accounting System (SAAS). We noted the following:

- Three instances in which employees continued to have SAAS access after termination. After notification by auditors, the agency took immediate action to remove SAAS access for these former employees.
- One instance in which an employee maintained SAAS for 5 months after termination.

Good internal controls require employee access to computer systems be removed immediately upon termination. Failure to maintain adequate internal controls could allow errors or fraud to occur without being promptly detected.

*Recommendation:*

We recommend the Mississippi Department of Human Services strengthen controls to ensure employee access to SAAS is removed immediately upon an employee leaving agency service.

*Response:*

MDHS concurs with the finding. We are convinced that timely notification via the SAAS/MARS Access Security Form is still workable. Each unit/office/division is responsible for advising the Office of General Accounting -SAAS Control unit via a SAAS/MARS Access Security form to delete an employee's access to SAAS immediately upon termination. We initiated a procedure to remind each unit/division to advise security staff personnel when to delete an employee. Human Resources - Personnel are now notifying us via the termination notice of employees leaving the agency. A request was submitted to DFA-MMRS to discontinue SAAS access for the employees noted in the finding.

*Corrective Action Plan:*

Reemphasize to each unit/division the importance of completing the SAAS Security Request Form to delete an employee immediately upon termination.

Periodically submit to each unit/division a list of SAAS users in their area for review and continued SAAS access.

Continue to work with Human Resources - Personnel on receiving the Termination Notices, timely and submit necessary authorization forms to DFA-MMRS to delete applicable employees SAAS access immediately upon termination.

## **IMMATERIAL NONCOMPLIANCE**

### **The Value of the Employer-Provided Vehicles Should Be Reported**

#### *Finding:*

Section 15.20.40 of the Mississippi Agency Accounting Policies and Procedures (MAAPP) manual states "The value of employer-provided vehicles used by state employees for commuting and personal use must be included in wages for social security, federal and state income tax, and retirement purposes." During fringe benefit testwork at the Mississippi Department of Human Services, we noted the following:

- a. The former Executive Director was provided a state-owned vehicle; however, travel logs were not on file. Therefore, we could not determine if there was daily commuting which should have been reported on the employee's wage records or W-2 form.
- b. The former Youth Services Director was provided a state-owned vehicle which was used for daily commuting, as well as official business travel according to travel logs on file; however, the fringe benefit amount associated with the travel which would be considered commuting was inaccurate on the employee's wage records or W-2 form.

Failure to report the value of an employer-provided vehicle for commuting on employees' wage records results in noncompliance with section 15.20.40 of the MAAPP manual and Internal Revenue Services policies regarding fringe benefits related to commuting. Also, failure to maintain travel logs detailing the use of employer-provided vehicles impedes our ability to audit for compliance.

#### *Recommendation:*

We recommend the Mississippi Department of Human Services ensure the value of employer-provided vehicles used for commuting is reported on wage records and on an employee's W-2 form in compliance with section 15.20.40 of the Mississippi Agency Accounting Policies and Procedures (MAAPP) manual. We further recommend that the agency ensure that travel logs are maintained and filed for audit purposes.

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*Response:*

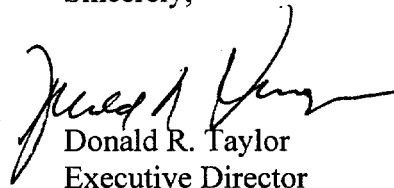
MDHS was made aware of the error/omission by the State Auditor's Office and agrees that the value of employer-provided vehicles should be included as wages for social security, federal and state income tax, and retirement purposes. In addition, MDHS acknowledges that we made an error in the calculation of the former Youth Services Director's wage record with regards to the employer provided vehicle that he was driving.

*Corrective Action Plan:*

MDHS has made the necessary calculation changes in the determination of the value of employer-provided vehicles. In addition, all employees who are driving employer-provided vehicle are submitting the proper travel logs to ensure that all wages are reported correctly.

We appreciate the courtesy and professionalism demonstrated by Tonya Bierman and her field staff throughout the audit. Should you have any questions regarding our responses or corrective action plans, feel free to contact Brian Daniel of the Division of Budgets and Accounting at 601-359-4739.

Sincerely,



Donald R. Taylor  
Executive Director

DRT:BD:klm

pc: Richard Harris  
Richard A. Berry  
Peter Boulette  
Brian Daniel